



Submitted electronically via email to regs.comments@federalreserve.gov

June 23, 2020

Ann E. Misback, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Re: Regulation D: Reserve Requirements of Depository Institutions
Docket Number R-1715; RIN 7100- AF 89

Dear Ms. Misback:

On behalf of Wisconsin's credit unions[®] and their 3.3 million members, the Wisconsin Credit Union League is pleased to offer its support for the Federal Reserve Board's elimination of Reg. D's six-per-month limit on certain kinds of transfers & withdrawals from savings accounts.

For many years, until the Board's recent interim final rule, Reg. D limited how many convenient transfers or withdrawals an account holder could make from a "savings deposit" to not more than six per month (the six-transfer limit). Reg. D also required depository institutions either to prevent transfers exceeding the six-transfer limit or to monitor such accounts for violations of the limit.

These unwieldy requirements have been an unnecessary burden – and frankly, a “compliance trap” – for credit unions and other financial institutions for years. They've been difficult for staff to enforce and nearly impossible to explain to account holders in ways that made sense. The Board has ample tools at its disposal to implement U.S. monetary policy without these confusing requirements. Eliminating the six-transfer limit is long overdue, and the change comes at a good time: It gives consumers greater freedom of access to their funds during this time of economic crisis caused by the COVID-19 pandemic.

While the interim final rule gave welcome regulatory relief to credit unions and their members, we urge the Board to address two key issues clearly in its final rule:

- For credit unions to take full advantage of these changes, it must be clear that these Reg. D amendments are permanent. Right now, credit unions have the option of updating their systems to end enforcement of the six-transfer limit or to continue monitoring savings accounts for excessive transfers. It will not necessarily be simple or inexpensive for them to update data processing systems and implement operational changes to end enforcement of the six-transfer limit. For that reason, credit unions need assurances that this Reg. D change will not simply be temporary.

The Wisconsin Credit Union League

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The Board's recent FAQs say that it "does not have plans to re-impose transfer limits but may make adjustments to the definition of savings accounts in response to comments received on the Board's interim final rule and, in the future, if conditions warrant." That statement has generated some uncertainty about the future of the six-transfer limit. A final rule must explicitly state that the limit is eliminated permanently. Without such reassurance, the Board is likely to see a patchwork approach to the six-transfer limit from credit unions and other financial institutions around the country – leading to consumer confusion and putting smaller institutions at an unfair disadvantage (since they're least likely to be able to afford costly data processing system updates).

- The final rule should clarify how Reg. D and Reg. CC interact based on amendments to the definitions of savings accounts in Reg. D §204.2(d) and transaction account in Reg. D §204.2(e).

The amendment should not impose new requirements on savings accounts, which have been (and should continue to be) exempt from Reg. CC. The Board needs to preserve the distinction between transaction accounts and savings deposits in Reg. CC; however, failing to do so carefully could have the unintended consequence of Reg. CC funds availability rules applying to items deposited into savings accounts.

Appropriate changes should be made to Reg. CC, particularly in the §229.2(a) definition of "account" and the accompanying Official Staff Commentary, to ensure that savings accounts are not subject to Reg. CC – even if an institution chooses to suspend any limits on third-party transfers from such accounts. We urge the Board to parse Reg. CC carefully and ensure that all savings accounts (as defined in Reg. D §204.2(d)) continue to be exempt from Reg. CC, regardless whether limits are imposed on third-party transfers from such accounts.

In closing, we fully support the elimination of the six-transfer limit. We ask that the Board 1) clearly state that such a change is permanent; and 2) consider appropriate amendments to Reg. CC, to avoid the unintended consequence of funds availability rules applying to items deposited into savings accounts.

Sincerely,



Paul Guttormsson
Senior Vice President & General Counsel
The Wisconsin Credit Union League